

Colfax

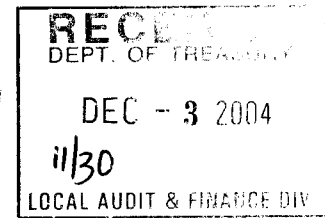
Township

Wexford County, Michigan

83-1060

Audited Financial Statements

March 31, 2004



Jay Thiebaut, P.C.
Certified Public Accountant
Cadillac, Michigan

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Name (Specify) <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		COLFAX TOWNSHIP	County WEXFORD
Audit Date MARCH 31, 2004	Opinion Date NOVEMBER 22, 2004	Date Accountant Report Submitted to State: NOVEMBER 30, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

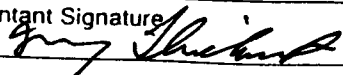
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

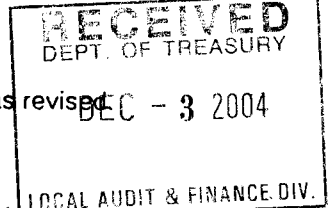
You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLJU).			X

Certified Public Accountant (Firm Name) JAY THIEBAUT, PC CPA			
Street Address 222 HOWARD STREET, PO BOX 807	City CADILLAC	State MI	ZIP 49601-0807
Accountant Signature 			



Colfax Township
Wexford County, Michigan
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Colfax Township
Wexford County, Michigan
Officers and Trustees
March 31, 2004

Supervisor

Arvid Dussel

Clerk

Rebecca Stoddard

Treasurer

Janet Tidey

Trustee

Linda Costello

Trustee

Jacob Paddock

Jay Thiebaut, P.C.

Certified Public Accountant
P.O. Box 807
Cadillac, Michigan 49601
Telephone 231-775-0174

INDEPENDENT AUDITOR'S REPORT

To the Township Board
Colfax Township
Wexford County, Michigan

I have audited the accompanying general purpose financial statements of Colfax Township, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Colfax Township, at March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Colfax Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



Jay Thiebaut P.C.
Certified Public Accountant
November 22, 2004

General Purpose Financial Statements

Colfax Township
Wexford County, Michigan
Combined Balance Sheet
All Fund Types and Account Groups
March 31, 2004

	Governmental Fund Types	Fiduciary Fund Type	Account Groups	Totals
	General	Agency	General Fixed Assets	(Memorandum Only)
Assets				
Cash	\$ 245,847	\$ 782	\$ -	\$ 246,629
Investments	124,589	-	-	124,589
Due from other funds	782	-	-	782
Capital assets	-	-	225,252	225,252
Total assets	\$ 371,218	\$ 782	\$ 225,252	\$ 597,252
Liabilities and Fund Equity				
Liabilities				
Accounts payable	\$ 1,652	\$ -	\$ -	\$ 1,652
Due to other funds	-	782	-	782
Total liabilities	1,652	782	-	2,434
Fund equity				
Investment in general fixed assets	-	-	225,252	225,252
Fund balance	369,566	-	-	369,566
Total equity	369,566	-	225,252	594,818
Total liabilities and fund equity	\$ 371,218	\$ -	\$ 225,252	\$ 597,252

See notes to financial statements.

Colfax Township
Wexford County, Michigan
Combined Statement of Revenues, Expenditures and Changes in
Fund Balances - All Governmental Fund Types
Year Ended March 31, 2004

	General	Special Revenue	Totals (Memorandum Only)
Revenues			
Taxes	\$ 16,445	\$ 18,137	\$ 34,582
State sources	53,631	-	53,631
Charges for services	9,203	-	9,203
Interest	12,745	-	12,745
Other	1,501	-	1,501
Total revenues	93,525	18,137	111,662
Expenditures			
General government			
Board	17,686	-	17,686
Supervisor	5,220	-	5,220
Assessor	5,367	-	5,367
Clerk	5,400	-	5,400
Board of review	584	-	584
Treasurer	8,199	-	8,199
Buildings and grounds	1,362	-	1,362
Cemetery	13,204	-	13,204
Public safety	-	93,737	93,737
Parks and recreation	5,831	-	5,831
Total expenditures	62,853	93,737	156,590
Excess of revenues over (under) expenditures	30,672	(75,600)	(44,928)
Other financing sources (uses)			
Operating transfers in	-	75,600	75,600
Operating transfers out	(75,600)	-	(75,600)
Total other financing sources (uses)	(75,600)	75,600	-
Excess of revenues and other financing sources over (under) expenditures and other uses	(44,928)	-	(44,928)
Fund balances-beginning of year	414,494	-	414,494
Fund balances-end of year	\$ 369,566	\$ -	\$ 369,566

See notes to financial statements.

Colfax Township
Wexford County, Michigan
Combined Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
General and Special Revenue Fund Types
Year Ended March 31, 2004

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 14,500	\$ 16,445	\$ 1,945
State sources	40,500	53,631	13,131
Charges for services	9,270	9,203	(67)
Interest	8,000	12,745	4,745
Other	100	1,501	1,401
Total revenues	72,370	93,525	21,155
Expenditures			
General government			
Board	17,500	17,686	(186)
Supervisor	4,800	5,220	(420)
Assessor	4,500	5,367	(867)
Clerk	6,200	5,400	800
Board of review	1,000	584	416
Treasurer	9,000	8,199	801
Elections	650	0	650
Building and grounds	1,000	1,362	(362)
Cemetery	4,000	13,204	(9,204)
Public safety	-	-	-
Parks and recreation	7,000	5,831	1,169
Total expenditures	55,650	62,853	(7,203)
Excess of revenues over (under) expenditures	16,720	30,672	13,952
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	(75,600)	(75,600)	-
Total other financing sources (uses)	(75,600)	(75,600)	-
Excess of revenues and other financing sources over (under) expenditures and other uses	(58,880)	(44,928)	13,952
Fund balances-beginning of year	414,494	414,494	-
Fund balances-end of year	\$ 355,614	\$ 369,566	\$ 13,952

See notes to financial statements.

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 20,000	\$ 18,137	\$ (1,863)	\$ 34,500	\$ 34,582	\$ 82
-	-	-	40,500	53,631	13,131
-	-	-	9,270	9,203	(67)
-	-	-	8,000	12,745	4,745
-	-	-	100	1,501	1,401
<u>20,000</u>	<u>18,137</u>	<u>(1,863)</u>	<u>92,370</u>	<u>111,662</u>	<u>19,292</u>
-	-	-	17,500	17,686	(186)
-	-	-	4,800	5,220	(420)
-	-	-	4,500	5,367	(867)
-	-	-	6,200	5,400	800
-	-	-	1,000	584	416
-	-	-	9,000	8,199	801
-	-	-	650	-	650
-	-	-	1,000	1,362	(362)
-	-	-	4,000	13,204	(9,204)
95,600	93,737	1,863	95,600	93,737	1,863
-	-	-	7,000	5,831	1,169
<u>95,600</u>	<u>93,737</u>	<u>1,863</u>	<u>151,250</u>	<u>156,590</u>	<u>(5,340)</u>
(75,600)	(75,600)	-	(58,880)	(44,928)	13,952
75,600	75,600	-	75,600	75,600	-
-	-	-	(75,600)	(75,600)	-
<u>75,600</u>	<u>75,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(58,880)	(44,928)	13,952
-	-	-	414,494	414,494	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,614</u>	<u>\$ 369,566</u>	<u>\$ 13,952</u>

See notes to financial statements.

Colfax Township
Wexford County, Michigan
Notes to Financial Statements
March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Colfax Township conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

Colfax Township is a municipal entity governed by an elected board. As required by generally accepted accounting principles, these general purpose financial statements present the primary government of Colfax Township. There are no other organizations that are considered to be component units of the Township; therefore, the Township's reporting entity consists only of the primary government and does not include any component units.

The Colfax-Greenwood Fire Department, which operates as a joint venture, is not a component unit of the Township. The Township's financial obligation is limited to an annual one mill property tax levy. The Colfax-Greenwood Fire Department submits a separate audit report.

Basis of Presentation - Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. The various funds and account groups are categorized and described as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for special purposes. The Special Revenue Fund for the Township is the Fire Fund.

Fiduciary Funds

Agency Funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Township has an Agency Fund, which is used to account for property tax collections.

Colfax Township
Wexford County, Michigan
Notes to Financial Statements
March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Account Groups

General Fixed Asset Account Group - All the fixed assets of the Township are accounted for in this account group, rather than in the governmental funds. Items included in this Account Group must be tangible, possess a life longer than one year and have a significant value. All fixed assets are valued at cost or estimated historical cost if the actual amounts are not available. No depreciation has been provided on the general fixed assets.

Account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Basis of Accounting

All governmental and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual; that is, when they become both "measurable" and "available to finance expenditures of the current period". Property taxes are recorded as revenue when levied. Delinquent property taxes, which are considered unavailable to finance expenditures, are not material. Expenditures are recorded when a liability is incurred.

Budget and Budgetary Accounting

The Township follows these budgeting procedures that are in accordance with Michigan Statutes:

1. Budgets are adopted for the governmental funds.
2. Budget appropriations are adopted before the beginning of each fiscal year.
3. Both budgeted and actual financial results cannot incur a deficit (including an available unappropriated surplus).
4. Amendments to the budget are made prior to over expenditures and before the fiscal year end.
5. Budgets reported in the financial statements are at the revenue and activity level as adopted by the Township that is on a basis consistent with generally accepted accounting principles.

Colfax Township
Wexford County, Michigan
Notes to Financial Statements
March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

At March 31, 2004, all cash and cash equivalents were on deposit with federally insured depository institutions. The bank balance was \$247,114 as of March 31, 2004, of which \$100,000 was covered by federal depository insurance and \$147,114 was uninsured and unsecured.

The Township Board has authorized cash and cash equivalents to be in federally insured depository institutions. These cash accounts can be checking, savings, money markets, or certificates of deposit with original maturities of three months or less. Additionally, the Township Board specifically authorizes each depository institution.

Investments

Investment securities are stated at cost, which approximates market. The Township regards its investments in marketable securities as part of its long-range investment policy and, accordingly, unrealized depreciation or appreciation is not recorded in the financial statements. The first-in, first-out (FIFO) method is used to determine the cost of each security at the time of sale.

Total Columns on Combined Statements-Overview

Total Columns on the Combined Statements-Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by Colfax Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Colfax Township
Wexford County, Michigan
Notes to Financial Statements
March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2004, the Township carried commercial insurance to cover all risks of losses. The Township had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

NOTE 2 - PROPERTY TAX

Property taxes attach as an enforceable lien on property as of December 1. Taxes are due and payable from December 1 to March 1. All delinquent real property taxes are purchased by the county tax revolving fund sometime in May or June of each year so that the Township collects 100% of the real property tax levy. Delinquent personal property tax is immaterial and is not recorded until collected.

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance 04-01-03	Additions	Balance 03-31-04
Land	\$ 89,885	\$ -	\$ 89,885
Buildings and improvements	88,856	7,971	96,827
Furniture and equipment	38,540	-	38,540
Totals	<u>\$ 217,281</u>	<u>\$ 7,971</u>	<u>\$ 225,252</u>

NOTE 4 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan Statutes provides that a township shall not incur expenditures in excess of the amount appropriated.

The unfavorable variances as shown on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, are not considered material violations as described in Michigan Statute due to the conditions and events that gave rise to these variances and the adequacy of the budgetary system.

Colfax Township
Wexford County, Michigan
Notes to Financial Statements
March 31, 2004

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Balances at March 31, 2004, were:

	Due From Other Funds	Due to Other Funds
General fund		
Current tax collection fund	\$ 782	\$ -
Current tax collection fund		
General fund	-	782
Totals	<u>\$ 782</u>	<u>\$ 782</u>

NOTE 6 - INVESTMENT

On November 26, 1988, the Township Board authorized the investment of \$50,723 in a U.S. Single Premium Deferred Annuity from Jackson National Life Insurance Company through the firm of Larkin Financial Services. An additional investment of \$10,000 was made March 27, 1990. In opinion No. 6478 dated October 29, 1987, State Attorney General Frank J. Kelley stated that:

"The legislative or governing body of a Township, by resolution, may authorize the investment of surplus funds in bonds and other direct obligations of the United States or an agency or instrumentality of the United States."

It has not been determined if this investment is legal or illegal. This matter has been referred to the Michigan Department of Treasury. This investment is not insured by federal depository insurance and is uncategorized as to risk for investment risk classification purposes.

The Township Board has authorized all dividends to be reinvested in the annuities. The annuities have an accumulated value as follows:

Original investment	03-31-04
Additional investment	\$ 50,723
Dividends reinvested	10,000
Cash withdrawals	88,866
	(25,000)
Total annuity	<u>\$ 124,589</u>

Supplementary Financial Information

Colfax Township
Wexford County, Michigan
General Fund
Schedule of Expenditures
Year Ended March 31, 2004

Expenditures

General government

Board

Personal services	\$ 2,560
Employer's share of fica	1,949
Other services and charges	2,897
Professional and contractual	4,650
Insurance and bonds	5,631
Total board	<u>17,687</u>

Supervisor

Personal services	4,800
Other services and charges	420
Total supervisor	<u>5,220</u>

Assessor

Other services and charges	1,242
Professional and contractual	4,125
Total assessor	<u>5,367</u>

Clerk

Personal services	5,000
Other services and charges	400
Total clerk	<u>5,400</u>

Board of review

Personal services	517
Other services and charges	67
Total board of review	<u>584</u>

Treasurer

Personal services	6,300
Other services and charges	1,899
Total treasurer	<u>8,199</u>

Colfax Township

Wexford County, Michigan

General Fund

Schedule of Expenditures

Year Ended March 31, 2004

Buildings and grounds	
Utilities	1,003
Repairs and maintenance	<u>359</u>
Total buildings and grounds	<u>1,362</u>
Cemetery	
Personal services	4,323
Supplies	910
Capital outlay	<u>7,971</u>
Total cemetery	<u>13,204</u>
Total general government	<u>57,023</u>
Parks and recreation	
Personal services	2,704
Other services and charges	1,410
Repairs and maintenance	<u>1,716</u>
Total parks and recreation	<u>5,830</u>
Total expenditures	<u>\$ 62,853</u>

Colfax Township
Wexford County, Michigan
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Year Ended March 31, 2004

Revenues	<u>Fire</u>
Taxes	\$ 18,137
Expenditures	
Public safety	
Professional and contractual	18,137
Contributions to other governmental units	<u>75,600</u>
Total public safety	<u>93,737</u>
Excess of revenues over (under) expenditures	(75,600)
Other financing sources (uses)	
Operating transfers in	<u>75,600</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	\$ <u>-</u>

Colfax Township
Wexford County, Michigan
Agency Fund
Statement of Changes in Assets and Liabilities
Year Ended March 31, 2004

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Current Tax Collection Fund				
Assets				
Cash	\$ 1,056	\$ 562,685	\$ 562,959	\$ 782
Liabilities				
Due to other funds	\$ 1,056	\$ 30,489	\$ 30,215	\$ 782
Due to county	-	249,513	249,513	-
Due to schools	-	282,254	282,254	-
Due to others	-	703	703	-
Total liabilities	<u>\$ 1,056</u>	<u>\$ 562,959</u>	<u>\$ 562,685</u>	<u>\$ 782</u>

JAY THIEBAUT, P.C.

CERTIFIED PUBLIC ACCOUNTANT

222 Howard Street

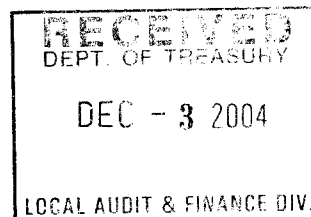
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Cadillac, Michigan 49601

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TOWNSHIP BOARD
COLFAX TOWNSHIP
WEXFORD COUNTY, MICHIGAN




In planning and performing my audit of the general purpose financial statements of Colfax Township for the year ended March 31, 2004, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control structure. However, no material weaknesses were noted.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended solely for the information and use of the Township Board, management and others within the administration of Colfax Township.


Cadillac, Michigan
November 22, 2004